

CONNECTICUT ASSOCIATION OF HEALTH CARE FACILITIES, INC.

February 20, 2014

Written testimony of Matthew V. Barrett, Executive Vice President, Connecticut Association of Health Care Facilities (CAHCF) in opposition to H.B. No. 5051 AN ACT IMPROVING TRANSPARENCY OF NURSING HOME OPERATIONS. and H.B. No. 5136 (RAISED) AN ACT CONCERNING NURSING HOME TRANSPARENCY

Good afternoon Senator Slossberg, Representative Abercrombie and to the members of the Human Services Committee. My name is Matthew V. Barrett, Executive Vice President of the Connecticut Association of Health Care Facilities (CAHCF), our state's one hundred and sixty-seven (167) member trade association of skilled nursing facilities and rehabilitation centers. Thank you for this opportunity to offer testimony this afternoon in opposition to H.B. No. 5051 AN ACT IMPROVING TRANSPARENCY OF NURSING HOME OPERATIONS. and H.B. No. 5136 (RAISED) AN ACT CONCERNING NURSING HOME TRANSPARENCY.

Both bills require nursing homes to include in annual cost reports a profit and loss statement for each related party that the nursing home pays ten thousand dollars or more a year for goods, fees and services and a profit and to disclose detailed wage and benefit information for direct care and administrative nurse positions as separate line items. . The bills defines "related party" to include, but is not limited to, companies related to such nursing homes through family associations, common ownership, control or business association with any of the owners, operators or officials of the facility. The bills further requires that the profit and loss statement must also include the actual cost of the goods and services, including a detailed account of the goods and services purchased and fees paid, and the mark-up, profit or administrative charges related to such purchase.

This legislation is harmful because it imposes burdensome requirements on all nursing homes without reason. There is no apparent reason for these details to be disclosed. The information has no bearing on the setting of Medicaid rates or relevance to any other component of the rate-setting process, audit process or certificate of need process. The provisions regarding reports of wage and benefit information will require disclosure of private information about employees. HB 5136 also inexplicably targets for-profits nursing homes while nonprofit nursing homes are similarly required to file annual cost reports, without being required to furnish related party financial information. Finally, the bill targets nursing homes when a full range of similarly situated health care and human service providers of services to DSS, DCF, DMHAS and DDS (hospitals, group homes, clinics) that have their payments determined in whole or in part based on cost report filings. Moreover, there are existing federal and state rules within the present rate-setting methodology that are designed to prevent costs unrelated to patient care from being reimbursed in the Medicaid rates.

The longstanding current requirements of the law provide a level of satisfactory detail in this area. The annual cost report already requires disclosure of all payments to related entities and actual costs. With regard to related party transactions federal law states that "...costs applicable to services, facilities, and supplies furnished to the